Morgan Stanley | RESEARCH

UPDATE

September 4, 2026 03:54 AM GMT

Oracle Corporation | North America

F1Q27 Preview – A Good Set-Up into Results, But Still A Long Road Ahead

WHAT'S CHANGED

Oracle Corporation (ORCL.N)	From	To
Price Target	$207.00	**$210.00**

We see an attractive tactical set-up into F1Q27: our assessment of the GPUaaS ramp supports cloud growth near the high end of guide, checks point to stabilizing Cloud Apps and improving multicloud DB momentum, while valuation leaves room for upside if OCI execution is proven.

Key Takeaways

- Tactical set-up: shares -25%+ since 4Q26, ~14x FY28E Cons NGAAP EPS; modest FY27 raise could drive upside if OCI delivers.
- Back-of-envelope GPUaaS ramp supports ~63% cloud growth, near high end of 58-64% guide, as FY26 capacity monetizes and ~1GW is added in 1Q.
- Neocloud prints are directionally bullish for GPUaaS pricing & contract economics; more pre-pay/BYOC deals could also ease funding/credit concerns.
- Checks support Cloud Apps stability and stronger multicloud DB momentum, but OCI remains the key post-print stock driver.
- Remain EW as we look to build more conviction in long term execution; raise PT to $210 (from $207) on revised estimates.

Too Early To Dream The Dream, But Valuation Creates Attractive Tactical Set Up if Execution Can Be Proven Out. Oracle shares are down -25%+ relative to 4Q26 results, and now trading at ~14x consensus FY28E NGAAP EPS (~17x GAAP P/E), as investors look to build more conviction in ORCL's ability to execute on its pivot to GPUaaS, following 4Q26 results in which FY27 revenue and EPS guidance underwhelmed relative to expectations, with capex guidance (on a gross / reported basis) surprising slightly to the upside. These concerns have been compounded, albeit to a lesser degree, by the underwhelming growth trajectory in the core Cloud Applications business seen in the 2H of FY26 (namely in Fusion and Netsuite). While proving out execution will likely take several quarters of strong results, **we see a tactically positive set up into 1Q27 results** given intra-quarter share performance and current valuation. **Specifically, (1) *we see potential for GPUaaS to drive Cloud Revenue towards the high end of the guide at ~63% YoY (vs. 58%-64% guide,*** **(Exhibit 1)** as capacity added in FY26 scales to run rate monetization, complemented by incremental monetization from the 'nearly' 1GW of capacity expected to be brought on-line in Q1. ***(2) Bullish reads from recent neocloud***

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Oracle Corporation (ORCL.N, ORCL UN)

Software | United States of America

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	**$210.00**
Shr price, close (Sep 3, 2026)	$154.04
Mkt cap, curr (mm)	$452,084
52-Week Range	$345.69-114.51

Fiscal Year Ending	05/26	05/27e	05/28e	05/29e
EPS ($)**	7.63	8.03	9.94	12.87
Prior EPS ($)**	7.28	7.80	8.28	-
P/E	34.9	23.1	18.6	14.2
EPS ($)§	7.47	8.07	11.05	15.68
Div yld (%)	0.9	1.3	1.3	1.3

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2026	2027e Prior	2027e Current	2028e Prior	2028e Current
Q1	1.47	1.54	1.68	1.83	2.18
Q2	2.26	1.70	1.82	1.93	2.30
Q3	1.79	2.13	2.16	2.20	2.64
Q4	2.11	2.42	2.36	2.32	2.81

e = Morgan Stanley Research estimates

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prints, seeing potential for ORCL to benefit either directly from stronger pricing on new contracts, or alternatively, via incremental pre-pay/BYOC contracts (helping to ease concerns on the credit side). ***(3) Stability in Cloud Applications revenue growth,*** given two consecutive quarters of deferred revenue growth outpacing reported revenue growth, and constructive channel checks. Should this play out, we'd expect a modest upward revision to FY27 revenue and EPS, which given investor sentiment, should be enough to drive a positive reaction. ***What could go wrong?*** Beyond a weaker OCI print, we think the two risk factors on the quarter are **(a) weaker than expected gross margins** on account of OCI capacity ramp and **(b) an upward revision to capex**.

See Scope for Stronger Performance in Total Cloud Revenue, Driven by GPUaaS. Oracle's F1Q27 guidance calls for 58%-64% YoY (57%-63% cc) growth in total cloud revenue in 1Q. Assuming stable / slightly improved growth in the Cloud business (ex GPUaaS), this implies ~$1.5bn of sequential dollars added to OCI to hit the midpoint, and ~$7.3bn of total OCI revenue. While this screens aggressive from a headline perspective, rough math implies that performance towards the high end of the guided range is not out of the question. On GPUaaS, we think this implies ~1.6GW of power being monetized at run rate, assuming $10bn of ARR/GW (consistent with illustrative contract economics at the October 2025 Analyst Day). Applying this math to our 4Q26 estimate implies ~1.1GW of power at run-rate monetization exiting FY26, slightly below the 1.2GW+ management indicated having delivered in FY26. The company also outlined expectations to deliver nearly 1GW of capacity in 1Q27 alone. If we assume that the residual difference between the estimated 4Q26 exit scales to run rate in 1Q27, and that half of the 1Q27 capacity is also monetized at run rate, we see scope for ORCL to post cloud revenue towards the high end of guidance, coming in closer to 63% YoY.

Exhibit 1: See Scope for ORCL To Print Cloud Revenue Growth Towards High End of Guidance, Driven by GPUaaS

Cloud Revenue Trajectory

	1Q26A	2Q26A	3Q26A	4Q26A	FY26A	1Q27E MSe
Database (OCI)	693	715	776	845	3,029	901
GPUaaS	896	1,353	1,998	2,645	6,892	3,845
Traditional OCI	1,758	2,011	2,113	2,297	8,180	2,436
Total OCI	3,347	4,079	4,888	5,787	18,101	7,182
Cloud Applications	3,839	3,898	4,026	4,126	15,889	4,270
Total Cloud Revenue	7,186	7,977	8,914	9,913	33,990	11,452
Total Cloud growth, YoY						59.4%

Bottom-Up: GPU Power Monetization Bridge

	GW unless noted
Annualized revenue per GW monetized ($mm)	$10,000
4Q26 exit — power monetized at run rate	1.06
FY26 capacity delivered (per mgmt commentary)	1.20
Residual FY26 capacity not yet monetized at run rate	0.14
1Q27 incremental capacity delivered	0.90
Assumed in-quarter monetization rate	50%
1Q27 incremental power monetized	0.45
Total 1Q27 power monetized at run rate	**1.65**
Implied 1Q27 GPUaaS revenue	$4,125
Implied 1Q27 total cloud revenue (all else at MSe)	$11,732
Implied total cloud growth, YoY	**63.3%**

Top-Down: Power Monetization Implied by Guidance

	Low	Mid	High
Total cloud growth guidance, YoY	58%	61%	64%
Implied total cloud revenue	11,354	11,569	11,785
Less: Cloud Applications (held at MSe)	(4,270)	(4,270)	(4,270)
Implied Total OCI	**7,084**	**7,300**	**7,516**
Less: Database and Traditional OCI (held at MSe)	(3,337)	(3,337)	(3,337)
Implied 1Q27 GPUaaS revenue	**3,747**	**3,963**	**4,178**
Implied GPUaaS QoQ growth ($)	*1,102*	*1,318*	*1,533*
Implied Total OCI QoQ growth ($)	*1,297*	*1,513*	*1,729*
Implied power monetized at run rate (GW)	**1.50**	**1.59**	**1.67**
Bottom-up power monetized at run rate (GW)	1.65	1.65	1.65

Source: Company Data, Morgan Stanley Research



Bullish Neocloud Prints Directionality Positive For ORCL GPUaaS into F1Q… CRWV and NBIS both gave bullish AI infrastructure pricing commentary on their latest prints. CRWV cited a 5-10ppt higher contribution margin on 2Q-signed contracts and a ~25% price increase across SKUs on strong demand, plus older-generation chip ASPs holding at levels seen ~1Y ago. NBIS echoed this: a) mid-term contracts (~1-3Y) yielding ~$20-$25M/MW vs the ~$10M/MW implied by ORCL's illustrative contract economics at the Oct '25 Analyst Day; b) <6mo contracts trending to $40-$50M/MW and higher in some cases; and c) its first capacity auction in Q2 clearing at the highest Blackwell-generation prices to date, 15% above prior peak. NBIS added Q2 deals above $20m/MW with sub-two-year paybacks come online from late Q4 and "can serve as the baseline for pricing early next year."

…However, ORCL indicated at 4Q26 earnings that 98% of its AI Datacenter capacity is contracted. We are unsure how much of the broader 10GW ambition that references, or over what duration, and as a result – lean conservative on whether the inflection in AI capacity pricing can emerge as a material near-term upside driver for ORCL. Still, we would expect longer-dated capacity and contracts signed intra-quarter to see similar dynamics, potentially showing up in mid-CY27 results. Separately, the bullish pricing data points also suggest that ORCL can continue to expand its RPO base of pre-pay/BYOC GPUaaS contracts (~$75bn as of 4Q26), which depending on scale, could incrementally ease credit/funding concerns ahead of greater FCF yield post FY28.

In-Line SaaS Prints Drove Positive Reactions; Directionally Supportive For ORCL, But OCI Still The Driver. In *Signs of Life: Making the Case That SaaS Is ALIVE (3 Sep 2026)*, we showed that large-cap application SaaS names posting CY27 revenue revisions of +/-1% following CY2Q26 results outperformed the broader software group by an average 18% over the subsequent five days, against 4% underperformance on comparable revisions a year prior. WDAY illustrates the point: a largely in-line quarter (revenue +0.5% vs consensus) drove a +5.8% 1-day move, with CRM (+0.1% vs consensus) up +22.6%. We attribute this to depressed starting valuations, with group EV/FCF entering the season ~60% below the 3Y average, and to the AI bear case not yet showing up in results – despite little evidence of fundamental reacceleration. We do not see any reason that ORCL shouldn't also benefit from a similar dynamic, but remain of view that the investor focus remains squarely on the trajectory of OCI. Put another way, in-line / slight upside to cloud results is not enough on its own to drive a positive post print reaction, but should be complementary if OCI delivers.

What We Heard in Checks: Channel partners spoke to stability in Cloud Applications, complemented by broad based optimism with respect to ORCL's ramping multicloud database capability. Importantly, we did not pick up on any material disruption in channel engagement following the large scale RIF implemented earlier this year. Anecdotally, we also heard that ORCL is gaining traction for AI workloads in select enterprise verticals – an area we have leaned more cautious. While too early to give credit, this is something we will continue to monitor.

- **(+) Multicloud Database Commentary Positive.** Across conversations with the channel, Database@Azure / AWS / GCP consistently came up as

increasing activity, with two saying partners indicating broader availability is pulling some customers from evaluation into migration earlier than otherwise. One partner with visibility into live deployments called Exadata in the hyperscalers among the strongest parts of its Oracle business, putting activity past awareness and pilots. We would still distinguish this from broad OCI share gains; the opportunity is protecting and expanding Oracle's Database wallet. Still, multicloud was the most consistent positive signal in our work and the strongest support for improving Cloud Database growth in coming quarters. While we continue to embed more modest growth in Cloud Database relative to the multiyear targets, this is an area we lean constructive and look to give more credit as acceleration is proven out.

- **(+/=) Cloud Applications Commentary Largely Indicative of Stability**. After 2FY26's Fusion and NetSuite modest deceleration, our checks provided some evidence conditions are becoming less negative. One partner cited improving qualified Fusion ERP and HCM discussions, including renewed evaluations from customers weighing SAP S/4HANA migration cost and complexity. A reseller-oriented check was more cautious, citing limited new-logo activity and a pipeline supported partly by multiyear renewals. SAP's ECC support extension also appears to have deferred part of the forced-decision catalyst that could have benefited Fusion, though selected customers still weigh Oracle against a costly S/4HANA migration. Commentary on embedded application AI also screen muted, with moderate adoption of native functionality and one check seeing customers favor custom agents on external foundation models. However, with checks indicative of stability, and ORCL having seen two consecutive quarters of deferred revenue growth ahead of reported Cloud Applications revenue, we lean constructive on the potential for improved growth to materialize in FY27.
- **(+/=) Core OCI Remains Anchored to Oracle Workloads, While Enterprise AI Adds Early Optionality.** Conversations focused on continued lift-and-shift and modernization work, anecdotal evidence of greater mid-market focus and no material deterioration in Oracle's engagement with large partners. Partners also reported no meaningful difficulty provisioning conventional compute or database workloads – suggesting ORCL has not run into major capacity issues intra-quarter (excluding GPUaaS, where partner visibility is far more limited). Less established is whether OCI is becoming a broad strategic hyperscaler for workloads without an Oracle anchor: one check said generic storage, networking and compute for custom applications still typically land elsewhere, with another indicating that greenfield data and AI-platform projects often favor competitors such as Databricks (private), Snowflake, Postgres or MongoDB. On AI infrastructure, two checks pointed to improving enterprise interest from an early base. One large-deal partner called its visible AI-native pipeline inference-weighted, with recently signed capacity generally online during 2027; a large GSI sees more financial-services and pharmaceutical customers evaluating OCI as an enterprise "AI factory," driven partly by proximity to existing Oracle data, though GPU work remains a small share of activity. Pricing, availability and database proximity appear the most tangible differentiators.

Changes to Our Model: With this preview, we are updating our estimates for 4Q26 results, and extending the forecast horizon to include FY29 and FY30. On topline, our estimates remain largely unchanged through the forecast horizon (with FY29/FY30 consistent with prior SOTP work). While FY27 EPS moves ~3% higher (primarily via below the line items), our FY28 NGAAP EPS estimates increase ~20% to $9.94 (vs. A-Day guide of ~$10.70 / consensus of $10.76), primarily on account of giving credit for ~200bps of YoY expansion in implied GPUaaS gross margins, reaching ~19% in FY28 (directionality consistent with management commentary for YoY improvement). This compares to our prior estimate of ~12%, which was based on the output of our prior GPUaaS model, and reflected was a primarily function of the mismatch implied by the timing disclosure associated with ORCL's un-commenced lease balance relative to our revenue implied capacity footprint forecast (see: *Oracle Corporation: Computing the Upside – And the Cost (23 Apr 2026*). While we remain of the view that there is meaningful execution risk embedded in ORCL's multi year outlook, we think it is more reasonable to be anchoring closer to our FY27 estimate given the implied improvement seen in GPUaaS margins through FY26. However, we plan to re-asses the trajectory in more detail post Q1 results. Opex estimates remain in the LSD% growth range post FY27. On capex, FY27 comes lower to reflect the high end of management's guidance on a gross/net basis, FY28 unchanged, and modest upward revision to FY29/FY30 (to ~ $62bn/$59bn, relative to our prior forecast of ~$56bn/$53bn, respectively).

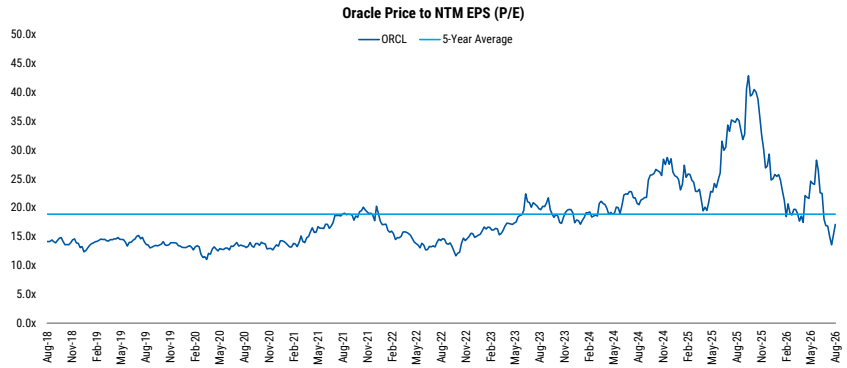
Exhibit 2: Latest Model Reflects Incremental GPUaaS Gross Margin in FY28 – but Remain Cautious on Scaling to Guided 30-40% Steady State Range for FY30

GROSS MARGINS	2026-Q1	2026-Q2	2026-Q3	2026-Q4	2026-FY	2027-Q1	2027-Q2	2027-Q3	2027-Q4	2027-FY	2028-FY	2029-FY	2030-FY
Cloud Applications	72%	72%	72%	72%	72%	72%	72%	72%	72%	72%	73%	73%	74%
Cloud Database	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%
Core OCI (incl legacy)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
AI OCI (implied - excl finance lease interest)	**(23%)**	**(1%)**	**(0%)**	**12%**	**1%**	**19.4%**	**24.7%**	**24.4%**	**25.9%**	**24.2%**	**30.4%**	**32.0%**	**32.4%**
Incremental GM% (YoY)				28%	11%	32%	34%	35%	32%	33%	36%	34%	34%
Incremental GM % (QoQ)				50%		(21%)	39%	23%	32%				
AI OCI (implied - incl finance lease interest)	**(28%)**	**(5%)**	**(4%)**	**9%**	***(3%)***	***14.6%***	***19.0%***	***17.3%***	***16.6%***	***17.0%***	***19.3%***	***21.2%***	***22.8%***
Total OCI	**35%**	**37%**	**33%**	**36%**	**35%**	**36.5%**	**37.5%**	**35.8%**	**35.8%**	**36.3%**	**37.4%**	**37.4%**	**37.9%**

Source: Company Data, Morgan Stanley Research

Remain EW, $210 PT (from $207). While our EPS estimates move higher on account of improved GPUaaS gross margin trajectory discussed above, we are slightly increasing our PT to $210 (from $207 previously) using ~19x CY28e NGAAP EPS of $10.98. This implies a ~0.9x PEG (CY26-CY28 CAGR), a discount to ORCL's historical average of ~1.6x given execution risk and lack of FCF support through forecast period given GPUaaS investment. Our revised PT compares to our prior base case of $207, which reflected 25x FY28e NGAAP EPS of $8.28.

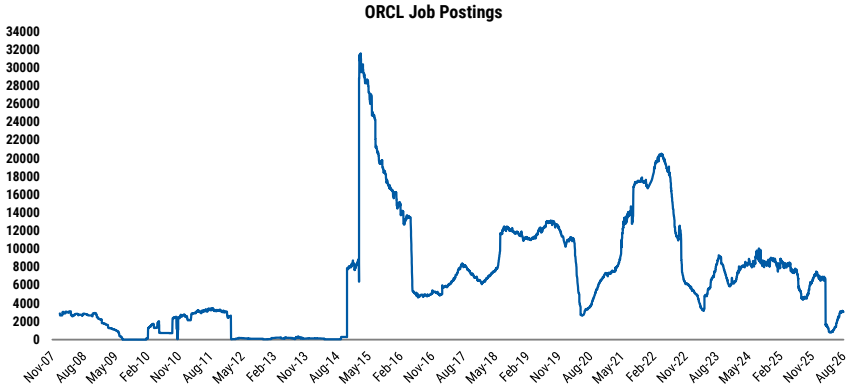
Exhibit 3: ORCL Shares Trade Below the 5-Year Average on a NTM PEG Basis



Source:

Refinitiv, FactSet, Morgan Stanley Research

Exhibit 4: Oracle Job Listings Have Trended Slowed Meaningfully Following RIF



Source: Company reports, Morgan Stanley Research

AlphaSignals Earnings Preview

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Oracle Corporation ORCL.N		
OCI Revenue	↑ Likely upside surprise	↑ Modest revision higher

*Likely impact to consensus EPS is for the next 12 months
Source: Company data, Morgan Stanley Research

Risk Reward

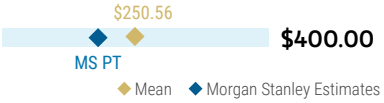
Risk Reward – Oracle Corporation (ORCL.N)

Big Opportunity, Little Room For Error

PRICE TARGET $210.00

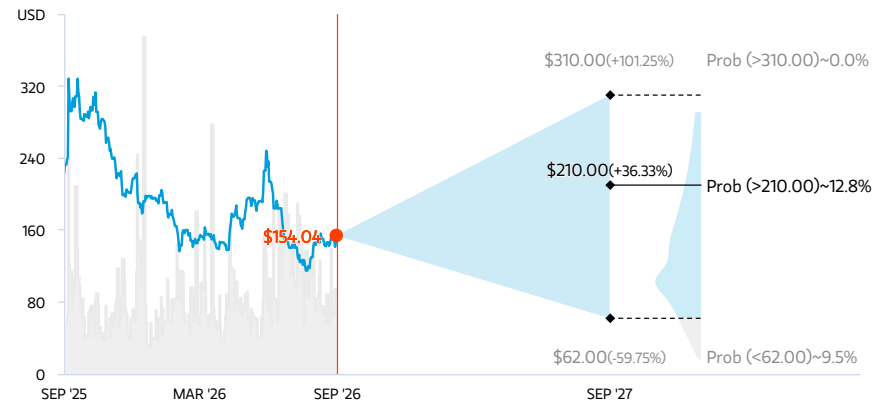
Derived from ~19x CY28e base case NGAAP EPS of $10.98. Our ~19x multiple a slight discount to ORCL's 5Y average (~20x), and larger discount on PEG (~0.9x, vs ~1.6x L5Y avg) given execution risk and lack of FCF support given GPUaaS investment.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



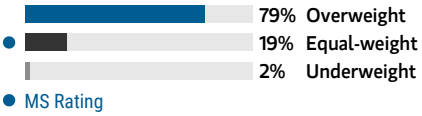
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 3 Sep 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

EQUAL-WEIGHT THESIS

- Our assessment of the underlying drivers within Oracle's FY30 targets suggest a) acceleration is expected in other areas of the business (e.g. SaaS, core OCI) b) substantial operating leverage and c) favorable outcomes in financing its infrastructure build out.
- While robust RPO provides visibility towards achievement of $225 billion of FY30 revenue, magnitude and duration of GPUaaS investment cycle remain highly uncertain, as do longer term economics -- particularly given mounting balance sheet obligations.
- Given the importance of execution across numerous vectors, we see a balanced risk reward on shares at current levels.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE $310.00

~23x FY30e NGAAP EPS of $16.000 (disc. back)

- FY30 revenue scales ~$204bn

- FY30 gross margins compress to ~48.5%, and operating margins compress to 39.8%, given mix shift towards GPUaaS

- Yields FY30 EPS of ~$16.00, reflecting ~21% 5Y CAGR, but undershoots ~$21 target

BASE CASE $210.00

~19x CY28e Base Case NGAAP EPS of $10.98

- CY28 revenue scales to ~$146bn, reflecting 38% CAGR (CY26-CY28)

- NGAAP gross margins compress to ~52%, operating margins compress to 40.6%, given mix shift towards GPUaaS

- Yields $10.98 CY28 EPS, reflecting ~22% CAGR (CY26 - CY28)

- 19x multiple discount to historical average (~20x), with larger discount implied by PEG (0.9x, vs L5Y ~1.6x) given execution risk and lack of FCF support given GPUaaS investment.

BEAR CASE $62.00

~15x FY28e Core (ex-GPUaaS) GAAP EPS of $4.16

Our Bear Case Core (ex-GPUaaS) EPS of $4.16 reflects our FY28 core earnings power, burdened by a) SBC and intangible amortization and b) 50% of our estimated FY28 lease expenses (implying that Oracle would be able to exit ~50% of existing lease agreements).

Risk Reward – Oracle Corporation (ORCL.N)

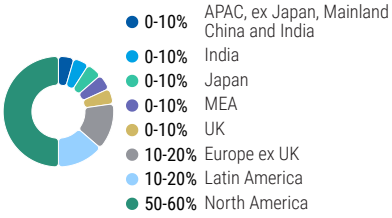
KEY EARNINGS INPUTS

Drivers	May 2026	May 2027e	May 2028e	May 2029e
Cloud Services and License Support YoY Growth (%)	22.2	41.5	45.3	42.6
Total Revenue YoY Growth (%)	17.4	33.1	38.3	37.9
Operating Margin % (%)	42.9	42.0	41.0	40.0
Earnings Per Share YoY Growth (%)	26.5	5.3	23.8	29.4

INVESTMENT DRIVERS

- Execution of GPUaaS build out
- Additional share repurchases
- Accretive acquisitions

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected OCI capacity ramps
- Stronger than expected OCI gross margins
- Accelerated adoption of Fusion Apps and Cloud Database across the installed base
- Accelerated market share gains in non-AI Cloud

RISKS TO DOWNSIDE

- Challenges in ramping OCI capacity
- Weaker than expect OCI gross margins
- GPUaaS capacity investments drive substantial leverage
- Disruptive technologies in the data management market

OWNERSHIP POSITIONING

Inst. Owners, % Active	49.5%
HF Sector Long/Short Ratio	2.1x
HF Sector Net Exposure	33.6%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY May 2027e

Sales / Revenue ($, mm)	86,830	89,657 / 89,792	90,953
EBITDA ($, mm)	41,724	53,902 / 51,738	61,913
Net income ($, mm)	22,639	24,097 / 24,176	25,950
EPS ($)	7.72	8.03 / 8.07	8.57

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Model Changes Table

Exhibit 5: ORCL Model Changes

	FY24	FY25	FY26	8/26E	11/26E	2/27E	5/27E	FY27E	FY28E	8/28E	11/28E	2/29E	5/29E	FY29E	FY30E
New Cloud Apps	12,959	14,272	15,889	4,270	4,284	4,441	4,560	17,555	19,230	5,091	5,099	5,264	5,368	20,822	22,400
YoY Growth	14%	10%	11%	11%	10%	10%	11%	10%	10%	9%	8%	9%	8%	8%	8%
Old Cloud Apps	12,959	14,272	15,896	4,260	4,323	4,453	4,542	17,577	19,219	5,075	5,158	5,282	5,389		
YoY Growth	14%	10%	11%	11%	11%	11%	10%	11%	9%	9%	9%	9%	9%		
% Change	0%	0%	0%	0%	-1%	0%	0%	0%	0%	0%	-1%	0%	0%		
$ Change	0.0	0.0	-6.9	9.6	-38.7	-11.8	18.0	-22.9	10.8	15.9	-58.8	-18.3	-21.3		
New Cloud PaaS / IaaS	6,816	10,235	18,101	7,182	8,820	10,622	12,748	39,372	72,548	24,625	27,643	31,134	35,071	118,473	150,334
YoY Growth	51%	50%	77%	115%	116%	117%	120%	118%	84%	69%	65%	62%	59%	63%	27%
Old Cloud PaaS / IaaS	6,816	10,235	18,088	6,991	8,456	10,351	12,994	38,792	72,148	23,920	26,281	29,584	33,841		
YoY Growth	51%	50%	77%	109%	107%	112%	125%	114%	86%	65%	61%	56%	51%		
% Change	0%	0%	0%	3%	4%	3%	-2%	1%	1%	3%	5%	5%	4%		
New Total Cloud	19,775	24,507	33,990	11,452	13,104	15,063	17,307	56,926	91,777	29,716	32,742	36,398	40,439	139,295	172,734
YoY Growth	25%	24%	39%	59%	64%	69%	75%	67%	61%	54%	53%	51%	50%	52%	24%
Old Total Cloud	19,775	24,507	33,984	11,251	12,779	14,804	17,536	56,369	91,367	28,995	31,439	34,867	39,231		
YoY Growth	25%	24%	39%	57%	60%	66%	77%	66%	62%	51%	49%	46%	44%		
% Change	0%	0%	0%	2%	3%	2%	-1%	1%	0%	2%	4%	4%	3%		
Software - License	5,081	5,201	4,736	749	911	1,116	1,825	4,600	4,462	705	857	1,050	1,717	4,328	4,198
YoY Growth	-12%	2%	-9%	-2%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%
Old Cloud and On-Prem License Rev	5,081	5,201	4,782	754	924	1,132	1,868	4,678	4,538	709	869	1,065	1,758		
YoY Growth	-12%	2%	-8%	-2%	-2%	-2%	-3%	-2%	-3%	-3%	-3%	-3%	-3%		
% Change	0%	0%	-1%	-1%	-1%	-1%	-2%	-2%	-2%	-1%	-1%	-1%	-2%		
Software - Maintenance	19,608	19,523	19,805	4,801	4,747	4,809	4,861	19,218	18,850	4,630	4,592	4,557	4,631	18,410	17,872
Old SW Support Rev	19,608	19,523	19,828	4,831	4,813	4,876	4,888	19,407	19,049						
% Change	0%	0%	0%	-1%	-1%	-1%	-1%	-1%	-1%						
YoY				-3.1%	-3.9%	-3.2%	-1.7%	-3.0%	-1.9%	-2.0%	-1.9%	-2.8%	-2.6%		
New HW Total Rev	3,066	2,938	3,084	675	768	714	915	3,072	3,033	649	753	707	879	2,987	2,912
Old HW Total Rev	3,066	2,938	2,976	673	779	724	783	2,959	2,916						
% Change	0%	0%	4%	0%	-1%	-1%	17%	4%	4%						
New Services Rev	5,431	5,232	5,743	1,373	1,457	1,457	1,553	5,841	5,899	1,401	1,486	1,487	1,585	5,958	6,018
Old Services Rev	5,431	5,232	5,649	1,300	1,362	1,377	1,386	5,425	5,370						
% Change	0%	0%	2%	6%	7%	6%	12%	8%	10%						
New Total Rev (non-GAAP)	52,961	57,399	67,358	19,051	20,986	23,158	26,462	89,657	124,022	37,100	40,430	44,198	49,250	170,978	203,740
YoY Growth	6%	8%	17%	28%	31%	35%	38%	33%	38%	39%	38%	38%	37%	38%	19%
Old Total Rev (non-GAAP)	52,961	57,399	67,219	18,809	20,657	22,912	26,462	88,839	123,240						
YoY Growth	6%	8%	17%	26%	29%	33%	39%	32%	39%						
% Change	0%	0%	0%	1%	2%	1%	0%	0.9%	0.6%						
Gross Profit (non-GAAP)	38,536	41,313	45,196	11,848	12,801	13,631	15,373	53,652	67,379	18,842	20,316	21,869	24,283	85,310	98,637
Gross Margin (non-GAAP)	*72.8%*	*72.0%*	*67.1%*	*62.2%*	*61.0%*	*58.9%*	*58.1%*	*59.8%*	*54.3%*	*50.8%*	*50.2%*	*49.5%*	*49.3%*	*49.9%*	*48.4%*
Old Gross Profit (non-GAAP)	38,536	41,313	44,834	11,630	12,640	13,949	16,237	54,456	64,157						
Old Gross Margin (non-GAAP)	*72.8%*	*72.0%*	*66.7%*	*61.8%*	*61.2%*	*60.9%*	*61.4%*	*61.3%*	*52.1%*						
% Change	0%	0%	1%	2%	1%	-2%	-5%	-1%							
Operating Expenses (non-GAAP)	15,482	16,279	16,271	3,913	4,130	3,872	4,117	16,032	16,472	4,179	4,270	4,171	4,349	16,969	17,561
% Sales (non-GAAP)	*29.2%*	*28.4%*	*24.2%*	*20.5%*	*19.7%*	*16.7%*	*15.6%*	*17.9%*	*13.3%*	*11.3%*	*10.6%*	*9.4%*	*8.8%*	*9.9%*	*8.6%*
YoY			*0.0%*	*-2.6%*	*-1.0%*	*-2.1%*	*-0.2%*	*-1.5%*	*2.7%*	*2.8%*	*0.5%*	*5.2%*	*3.7%*	*3.0%*	*3.5%*
Old Operating Expenses (non-GAAP)	15,482	16,279	16,291	3,982	4,179	3,957	4,237	16,354	16,769						
Old % Sales (non-GAAP)	*29.2%*	*28.4%*	*24.2%*	*21.2%*	*20.2%*	*17.3%*	*16.0%*	*18.4%*	*13.6%*						
% Change	0%	0%	0%	-2%	-1%	-2%	-3%	-2%							
Op Income (non-GAAP)	23,054	25,034	28,925	7,935	8,671	9,759	11,255	37,620	50,907	14,663	16,046	17,698	19,934	68,341	81,076
Op Margin (non-GAAP)	*43.5%*	*43.6%*	*42.9%*	*41.7%*	*41.3%*	*42.1%*	*42.5%*	*42.0%*	*41.0%*	*39.5%*	*39.7%*	*40.0%*	*40.5%*	*40.0%*	*39.8%*
Old Op Income (non-GAAP)	23,054	25,034	28,543	7,648	8,461	9,992	12,000	38,102	47,387						
Old Op Margin (non-GAAP)	*43.5%*	*43.6%*	*42.5%*	*40.7%*	*41.0%*	*43.6%*	*45.3%*	*42.9%*	*38.5%*						
% Change	0%	0%	1%	4%	2%	-2%	-6%	-1%	7%						
New EPS (non-GAAP)	5.56	6.03	7.63	1.68	1.82	2.16	2.36	8.03	9.94	2.60	2.93	3.48	3.86	12.87	16.00
YoY Growth	9%	8%	27%	14%	-19%	21%	12%	5%	24%	19%	27%	32%	37%	29%	24%
Old EPS (non-GAAP)	5.56	6.03	7.28	1.54	1.70	2.13	2.42	7.80	8.28						
YoY Growth	9%	8%	21%	4%	-25%	19%	37%	7%	6%						
% Change	0%	0%	5%	9%	7%	2%	-3%	3%	20%						
Capex	-6,866	-21,215	-55,663	-21,266	-22,732	-24,508	-26,673	-95,180	-116,080	-13,434	-14,734	-16,167	-17,525	-61,861	-59,085
% Sales	*13.0%*	*37.0%*	*82.6%*	*111.6%*	*108.3%*	*105.8%*	*100.8%*	*106.2%*	*93.6%*	*36.2%*	*36.4%*	*36.6%*	*35.6%*	*36.2%*	*29.0%*
Old Capex	-6,866	-21,215	-50,799	-22,930	-24,413	-26,259	-28,651	-102,253	-116,673						
Old % Sales	*13.0%*	*37.0%*	*75.6%*	*121.9%*	*118.2%*	*114.6%*	*108.3%*	*115.1%*	*94.7%*						
% Change	0%	0%	10%	-7%	-7%	-7%	-7%	-7%	-1%						
$ Change	0	0	-4,864	1,664	1,681	1,751	1,978	7,074	592						
FCF	11,807	-394	-23,686	-5,980	-8,430	-11,614	1,760	-24,266	-55,428	5,661	4,866	-327	13,211	23,412	42,154
FCF Margin	*22.3%*	*-0.7%*	*-35.2%*	*-31.4%*	*-40.2%*	*-50.2%*	*6.6%*	*-27.1%*	*-44.7%*	*15.3%*	*12.0%*	*-0.7%*	*26.8%*	*13.7%*	*20.7%*
Old FCF	11,807	-394	-26,935	-11,034	-17,190	-19,643	-16,328	-64,194	-64,107	-12,792	-22,859	-25,416	-27,533	-88,600	
Old FCF Margin	*22.3%*	*-0.7%*	*-40.1%*	*-58.7%*	*-83.2%*	*-85.7%*	*-61.7%*	*-72.3%*	*-52.0%*	*-35.3%*	*-58.5%*	*-59.7%*	*-57.7%*	*-53.5%*	
% Change	0%	0%	NM	NM	NM	NM	NM	NM	NM					NM	

Source: Company data, Morgan Stanley Research estimates

Financials

Exhibit 6: ORCL Income Statement

($ Millions, Except Per-Share Data)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	F2Q24E	1Q25E	F2Q25E	3Q25E	F2Q26E	1Q27E	2Q27E	3Q27E	4Q27E	FY26E	FY27E	FY28E
Cloud	**7,295**	**8,172**	**9,166**	**10,809**	**16,882**	**19,775**	**24,507**	**33,990**	**11,492**	**13,104**	**15,063**	**17,307**	**56,926**	**19,279**	**21,453**	**24,037**	**27,009**	**91,777**	**139,295**	**172,734**
Y/Y Change		*12%*	*12%*	*18%*	*47%*	*25%*	*24%*	*39%*	*59%*	*64%*	*69%*	*75%*	*67%*	*68%*	*64%*	*60%*	*56%*	*61%*	*52%*	*24%*
Q/Q Change									*16%*	*14%*	*15%*	*15%*		*11%*	*11%*	*12%*	*12%*			
Software	**25,287**	**24,352**	**24,932**	**25,243**	**25,205**	**24,689**	**24,724**	**24,541**	**5,550**	**5,658**	**5,924**	**6,686**	**23,818**	**5,452**	**5,563**	**5,773**	**6,525**	**23,312**	**22,738**	**22,077**
Y/Y Change		*-4%*	*2%*	*1%*	*0%*	*-2%*	*0%*	*-1%*	*-3%*	*-4%*	*-3%*	*-2%*	*-3%*	*-2%*	*-2%*	*-3%*	*-2%*	*-2%*	*-2%*	*-3%*
Q/Q Change									*-19%*	*2%*	*5%*	*13%*		*-18%*	*2%*	*4%*	*13%*			
Total Hardware Revenue	**3,704**	**3,444**	**3,360**	**3,184**	**3,274**	**3,066**	**2,938**	**3,084**	**675**	**768**	**714**	**915**	**3,072**	**662**	**761**	**714**	**896**	**3,033**	**2,987**	**2,912**
Y/Y Change	*-7%*	*-7%*	*-2%*	*-5%*	*3%*	*-6%*	*-4%*	*5%*	*1%*	*-1%*	*0%*	*-1%*	*0%*	*-2%*	*-1%*	*0%*	*-2%*	*-1%*	*-2%*	*-3%*
Q/Q Change									*-27%*	*14%*	*-7%*	*28%*		*-28%*	*15%*	*-6%*	*26%*			
Services/Other Revenue	**3,239**	**3,105**	**3,021**	**3,205**	**5,594**	**5,431**	**5,232**	**5,743**	**1,373**	**1,457**	**1,457**	**1,553**	**5,841**	**1,387**	**1,471**	**1,472**	**1,569**	**5,899**	**5,958**	**6,018**
Y/Y Change	*-4.8%*	*-4.1%*	*-2.7%*	*6.1%*	*74.5%*	*-2.9%*	*-3.7%*	*9.8%*	*1.8%*	*2.0%*	*1.0%*	*2.0%*	*1.7%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
Q/Q Change									*-0.8%*	*6.1%*	*0.1%*	*6.6%*		*-10.7%*	*6.1%*	*0.1%*	*6.6%*			
Total Revenue	**39,525**	**39,073**	**40,479**	**42,441**	**49,955**	**52,961**	**57,399**	**67,358**	**19,051**	**20,986**	**23,158**	**26,462**	**89,657**	**26,780**	**29,247**	**31,995**	**36,000**	**124,022**	**170,978**	**203,740**
Y/Y Change	*0.2%*	*-1.1%*	*3.6%*	*4.8%*	*17.7%*	*6.0%*	*8.4%*	*17.4%*	*27.6%*	*30.7%*	*34.7%*	*37.9%*	*33.1%*	*40.6%*	*39.4%*	*38.2%*	*36.0%*	*38.3%*	*37.9%*	*19.2%*
Q/Q Change									*-1%*	*10%*	*10%*	*14%*		*1%*	*9%*	*9%*	*13%*			
Cost of Revenue																				
Total Cloud COGS	2,784	2,982	3,251	4,002	6,318	7,998	10,162	16,268	5,768	6,699	8,079	9,478	30,024	10,445	11,731	13,325	15,141	50,642	79,650	99,080
Total Cloud Margin	*61.8%*	*63.5%*	*64.5%*	*63.0%*	*60.2%*	*60.0%*	*58.5%*	*52.1%*	*49.6%*	*48.9%*	*46.4%*	*45.2%*	*47.3%*	*45.8%*	*45.3%*	*44.6%*	*43.9%*	*44.8%*	*42.8%*	*42.6%*
Cloud & Software COGS																				
Cloud Services and License Support COGS	3,682	3,897	4,219	5,008	7,328	8,901	10,959	16,975	5,962	6,839	9,223	9,687	30,712	10,636	11,869	13,466	15,345	51,316	80,308	99,719
Cloud Services & Lic. Support Margin	*86.2%*	*85.8%*	*85.3%*	*83.4%*	*79.2%*	*77.4%*	*75.1%*	*68.4%*	*63.3%*	*61.7%*	*58.6%*	*56.3%*	*59.7%*	*55.7%*	*54.6%*	*53.1%*	*51.7%*	*53.6%*	*49.1%*	*47.7%*
Software License Updates and Support	898	915	968	1,006	1,010	995	797	707	194	140	144	209	687	191	138	140	204	674	658	639
Software Lic Support Margin	*95.4%*	*95.2%*	*95.0%*	*94.8%*	*94.8%*	*94.9%*	*95.9%*	*96.4%*	*96.0%*	*97.0%*	*97.0%*	*95.7%*	*96.4%*	*96.0%*	*97.0%*	*97.0%*	*95.7%*	*96.4%*	*96.4%*	*96.4%*
Total Hardware COGS	**1,349**	**1,104**	**962**	**957**	**1,021**	**867**	**754**	**641**	**172**	**206**	**175**	**284**	**837**	**169**	**204**	**175**	**278**	**826**	**819**	**793**
Total Hardware Margin	*63.6%*	*67.9%*	*71.4%*	*69.9%*	*68.8%*	*71.7%*	*74.3%*	*72.7%*	*74.5%*	*73.2%*	*75.5%*	*68.9%*	*72.7%*	*74.5%*	*73.2%*	*75.5%*	*68.9%*	*72.8%*	*72.8%*	*72.8%*
Services COGS	**2,804**	**2,761**	**2,475**	**2,624**	**4,624**	**4,657**	**4,373**	**4,346**	**1,069**	**1,140**	**1,129**	**1,117**	**4,456**	**1,080**	**1,152**	**1,141**	**1,128**	**4,501**	**4,546**	**4,591**
Service Margin	*13.4%*	*11.1%*	*18.1%*	*18.1%*	*17.3%*	*14.3%*	*16.4%*	*24.3%*	*22.2%*	*21.7%*	*22.5%*	*28.1%*	*23.7%*	*22.2%*	*21.7%*	*22.5%*	*28.1%*	*23.7%*	*23.7%*	*23.7%*
Total Cost of Revenue	7,835	7,762	7,656	8,589	12,973	14,425	16,088	22,162	7,203	8,186	9,528	11,089	36,005	11,884	13,225	14,781	16,752	56,643	85,668	105,103
Gross Income	31,690	31,311	32,823	33,852	36,982	38,536	41,313	45,196	11,848	12,801	13,631	15,373	53,652	14,895	16,023	17,214	19,247	67,379	85,310	98,637
Gross Margin	*80.2%*	*80.1%*	*81.1%*	*79.8%*	*74.0%*	*72.8%*	*72.0%*	*67.1%*	*62.2%*	*61.0%*	*58.9%*	*58.1%*	*59.8%*	*55.6%*	*54.8%*	*53.8%*	*53.5%*	*54.3%*	*49.9%*	*48.4%*
YoY Growth	*0.6%*	*-1.2%*	*4.8%*	*3.1%*	*9.2%*	*4.2%*	*7.2%*	*9.4%*	*15.5%*	*17.5%*	*20.3%*	*20.9%*	*18.7%*	*25.7%*	*25.2%*	*26.3%*	*25.2%*	*25.6%*	*26.6%*	*15.6%*
Operating Expenses																				
Sales & Marketing	8,151	7,833	7,369	7,602	8,222	7,609	7,894	7,573	1,829	1,937	1,783	1,805	7,354	1,829	1,969	1,782	1,784	7,363	7,473	7,698
Research & Development	5,063	5,032	5,336	5,586	6,639	6,692	7,222	7,467	1,812	1,887	1,806	1,985	7,490	1,949	1,971	1,888	2,070	7,878	8,234	8,563
General & Administrative	1,092	1,063	1,119	1,071	1,217	1,181	1,163	1,231	271	306	283	328	1,188	288	310	294	338	1,231	1,282	1,300
Stock Option Expense (FV)	1,653	1,590	1,837	2,613	3,547	3,973	4,674	4,811	1,192	1,249	1,501	1,328	5,269	1,544	1,594	1,913	1,627	6,678	8,358	9,959
Special Charges	3,829	3,481	3,794	8,665	7,810	7,700	7,358	8,330	1,376	1,434	1,697	1,526	6,033	1,719	1,765	2,088	1,798	7,371	8,932	10,347
Total Operating Expense (Operating)	14,306	13,928	13,826	14,259	16,078	15,482	16,279	16,271	3,913	4,130	3,872	4,117	16,032	4,067	4,250	3,964	4,192	16,472	16,969	17,561
Operating Income (Operating)	**17,384**	**17,383**	**18,997**	**19,593**	**20,904**	**23,054**	**25,034**	**28,925**	**7,935**	**8,671**	**9,759**	**11,255**	**37,620**	**10,828**	**11,773**	**13,250**	**15,055**	**50,907**	**68,341**	**81,076**
Operating Margin	*44.0%*	*44.5%*	*46.9%*	*46.2%*	*41.8%*	*43.5%*	*43.6%*	*42.9%*	*41.7%*	*41.3%*	*42.1%*	*42.5%*	*42.0%*	*40.4%*	*40.3%*	*41.4%*	*41.8%*	*41.0%*	*40.0%*	*39.8%*
YoY Growth	*1.1%*	*0.0%*	*9.3%*	*3.1%*	*6.7%*	*10.3%*	*8.6%*	*15.5%*	*27.2%*	*29.0%*	*32.3%*	*31.0%*	*30.1%*	*36.5%*	*35.8%*	*35.8%*	*33.8%*	*35.3%*	*34.2%*	*18.6%*
Other Income	-1,267	-1,833	-2,213	-3,279	-3,967	-3,612	-3,520	-1,050	-1,612	-1,690	-1,743	-2,149	-7,198	-2,340	-2,711	-3,206	-3,923	-12,181	-17,706	-18,205
Income Before Taxes	16,117	15,550	16,784	16,314	16,937	19,442	21,514	27,875	6,323	6,980	8,015	9,106	30,424	8,489	9,062	10,044	11,132	38,726	50,635	62,872
Tax Rate	*18.5%*	*18.4%*	*15.8%*	*16.3%*	*16.3%*	*19.2%*	*19.7%*	*19.9%*	*20.5%*	*20.8%*	*17.5%*	*20.4%*	*19.7%*	*20.5%*	*20.8%*	*17.5%*	*20.4%*	*19.7%*	*19.7%*	*19.7%*
Net Income (Non-GAAP)	**13,137**	**12,683**	**14,124**	**13,661**	**14,177**	**15,708**	**17,283**	**22,338**	**5,028**	**5,528**	**6,614**	**7,253**	**24,422**	**6,750**	**7,176**	**8,288**	**8,866**	**31,080**	**40,645**	**50,467**
Preferred Stock Dividends								103	*81*	*81*	*81*	*81*	326	*81*	*81*	*81*	*81*	325	325	325
Net Income Avail to Common (Non-GAAP)								**22,235**	**4,947**	**5,446**	**6,532**	**7,171**	**24,097**	**6,669**	**7,094**	**8,206**	**8,785**	**30,755**	**40,320**	**50,142**
EPS (Diluted) - Operating	**3.62**	**3.88**	**4.67**	**4.90**	**5.12**	**5.56**	**6.05**	**7.63**	**1.68**	**1.82**	**2.16**	**2.36**	**8.03**	**2.18**	**2.30**	**2.64**	**2.81**	**9.94**	**12.87**	**16.10**
year-on-year	*16%*	*9%*	*21%*	*5%*	*4%*	*9%*	*8%*	*27%*	*14%*	*-19%*	*21%*	*12%*	*5%*	*30%*	*26%*	*22%*	*19%*	*24%*	*29%*	*24%*
Diluted Shares Outstanding	3,732	3,294	3,022	2,786	2,768	2,823	2,868	2,918	2,942	2,992	3,025	3,043	3,001	3,063	3,083	3,103	3,123	3,093	3,150	3,139

Source: Company data, Morgan Stanley Research estimates

Exhibit 7: ORCL Revenue Drivers

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	F2Q24E	1Q25E	F2Q25E	3Q25E	FY26E	1Q27E	2Q27E	3Q27E	4Q27E	FY27E	FY28E	FY29E
Total Revenue	**39,525**	**39,073**	**40,479**	**42,440**	**49,954**	**52,961**	**57,399**	**67,358**	**19,051**	**20,986**	**23,158**	**26,462**	**89,657**	**26,780**	**29,247**	**31,995**	**36,000**	**124,022**	**170,978**	**203,740**
YoY Growth	*-1.1%*		*3.6%*	*4.8%*	*17.7%*	*6.0%*	*8.4%*	*17.4%*	*27.6%*	*30.7%*	*34.7%*	*37.9%*	*33.1%*	*40.6%*	*39.4%*	*38.2%*	*36.0%*	*38.3%*	*37.9%*	*19.2%*
CC Growth	*0.0%*		*2.0%*	*7.0%*	*22.0%*	*6.0%*	*8.1%*	*17.4%*	*26.8%*	*30.7%*	*34.7%*	*37.9%*	*33.1%*	*40.6%*	*39.4%*	*38.2%*	*36.0%*	*38.3%*	*37.9%*	*19.2%*
QoQ Growth									*-1%*	*10%*	*10%*	*14%*		*1%*	*9%*	*9%*	*13%*			
Organic YoY Growth	*-1%*		*4%*	*5%*	*3%*	*6%*	*8%*	*17%*	*28%*	*31%*	*35%*	*38%*	*33%*	*41%*	*39%*	*38%*	*36%*	*38%*	*38%*	*19%*
Cloud Revenue (SaaS + IaaS)	**8,172**	**9,166**	**10,809**	**16,882**	**19,775**	**24,507**	**33,990**	**11,492**	**13,104**	**15,063**	**17,307**	**56,926**	**19,279**	**21,453**	**24,037**	**27,009**	**91,777**	**139,295**	**172,734**	
YoY Growth	*12.0%*	*12.2%*	*17.9%*	*46.9%*	*24.5%*	*23.9%*	*38.7%*	*58.6%*	*64.3%*	*69.0%*	*74.6%*	*67.5%*	*68.3%*	*63.7%*	*59.6%*	*56.1%*	*61.2%*	*51.8%*	*24.0%*	
CC Growth			*22.0%*	*50.0%*	*25%*	*24%*		*16%*	*14%*	*15%*	*15%*		*11%*	*11%*	*12%*	*12%*				
QoQ Growth								*6%*	*7%*	*7%*	*8%*		*9%*	*10%*	*10%*	*12%*				
3-yr Avg Seasonality																				
Application (SaaS) Cloud Revenue (MSs)	**6,131**	**6,975**	**7,993**	**11,378**	**12,935**	**14,272**	**15,889**	**4,279**	**4,284**	**4,441**	**4,550**	**17,555**	**4,690**	**4,716**	**4,951**	**4,971**	**19,328**	**20,822**	**22,466**	
YoY Growth	*13.0%*	*13.8%*	*14.5%*	*42.4%*	*14.0%*	*10.1%*	*11.3%*	*9.6%*	*10.3%*	*10.5%*	*10.5%*	*9.6%*	*10.1%*	*9.2%*	*9.0%*	*9.5%*	*8.3%*	*7.8%*		
YoY Growth - $								*430.5*	*386.0*	*415.1*	*433.8*		*420.5*	*433.8*	*409.8*	*411.1*				
QoQ Growth								*3%*	*0%*	*4%*	*3%*		*3%*	*1%*	*3%*	*2%*				
3-yr Avg Seasonality								*4%*	*1%*	*3%*	*3%*		*3%*	*1%*	*3%*	*3%*				
% of Application Subscription and Support	*50%*	*60%*	*63%*	*68%*	*71%*	*74%*	*76%*	*77%*	*78%*	*79%*	*79%*	*78%*	*80%*	*80%*	*82%*	*81%*	*80%*	*82%*	*84%*	
YoY Growth - $								*145.3*	*130.4*	*155.4*	*167.5*		*155.8*	*146.1*	*139.2*	*141.3*				
YoY Growth - $								*102.6*	*112.7*	*148.4*	*150.0*		*149.4*	*147.8*	*132.9*	*146.8*				
YoY Growth - $								*118.3*	*142.9*	*111.4*	*116.2*		*118.3*	*139.9*	*127.7*	*123.2*				
Infrastructure (IaaS/PaaS) Cloud Revenue (MSs)	**2,036**	**2,191**	**2,825**	**4,512**	**6,816**	**10,235**	**18,101**	**7,192**	**8,820**	**10,622**	**12,748**	**39,372**	**14,589**	**16,735**	**19,186**	**22,038**	**72,548**	**118,473**	**150,334**	
YoY Growth	*10%*	*8%*	*29%*	*60%*	*51%*	*50%*	*77%*	*115%*	*116%*	*117%*	*120%*	*118%*	*103%*	*90%*	*81%*	*73%*	*84%*	*63%*	*27%*	
QoQ Growth								*24%*	*23%*	*20%*	*20%*		*14%*	*15%*	*15%*	*15%*				
3-yr Avg Seasonality								*9%*	*14%*	*15%*	*19%*		*15%*	*19%*	*16%*	*17%*				
QoQ $ Added			*635*	*1,686*	*2,304*	*3,419*	*7,866*	*1,395*	*1,637*	*1,802*	*2,126*	*21,271*	*1,841*	*2,146*	*2,451*	*2,853*	*33,176*	*45,926*	*31,861*	
YoY Growth in QoQ $ Added				*166%*	*37%*	*48%*	*130%*	*296%*	*124%*	*123%*	*136%*	*170%*	*32%*	*31%*	*36%*	*34%*	*56%*	*38%*	*-31%*	
Software Revenue (Legacy Support + License)	**24,352**	**24,932**	**25,243**	**25,205**	**24,689**	**24,724**	**24,541**	**5,550**	**5,658**	**5,924**	**6,686**	**23,818**	**5,452**	**5,563**	**5,773**	**6,525**	**23,312**	**22,738**	**22,077**	
Y/Y Growth	*-4%*	*2%*	*1%*	*0%*	*-2%*	*0%*	*-1%*	*-3%*	*-4%*	*-3%*	*-2%*	*-3%*	*-2%*	*-2%*	*-3%*	*-2%*	*-2%*	*-2%*	*-3%*	
CC Growth						*1%*														
QoQ Growth								*-19%*	*2%*	*5%*	*13%*		*-18%*	*2%*	*4%*	*13%*				
3-yr Avg Seasonality								*-17%*	*5%*	*1%*	*13%*		*-17%*	*3%*	*2%*	*14%*				
Maintenance Revenue (MSs beginning 1Q25)	**19,224**	**19,534**	**19,366**	**19,429**	**19,606**	**19,823**	**19,805**	**4,801**	**4,747**	**4,809**	**4,861**	**19,218**	**4,725**	**4,679**	**4,691**	**4,755**	**18,850**	**18,410**	**17,879**	
YoY Growth	*-1%*	*2%*	*-1%*	*0%*	*1%*	*0%*	*1%*	*-3%*	*-4%*	*-3%*	*-2%*	*-3%*	*-2%*	*-1%*	*-2%*	*-2%*	*-2%*	*-2%*	*-3%*	
QoQ Growth								*-3%*	*-1%*	*1%*	*1%*		*-3%*	*-1%*	*0%*	*1%*				
3-yr Avg Seasonality								*0%*	*-1%*	*0%*	*1%*		*-1%*	*-1%*	*0%*	*1%*				
% Software Revenue																				
Application Maintenance Revenue (MSs)	**4,884**	**4,737**	**4,625**	**5,282**	**5,212**	**5,134**	**5,023**	**1,244**	**1,231**	**1,161**	**1,212**	**4,848**	**1,201**	**1,204**	**1,094**	**1,159**	**4,658**	**4,476**	**4,275**	
YoY Growth	*-5%*	*-3%*	*-2%*	*14%*	*-1%*	*-1%*	*-2%*	*-2%*	*-2%*	*-5%*	*-4%*	*-3%*	*-3%*	*-2%*	*-6%*	*-4%*	*-4%*	*-4%*	*-4%*	
QoQ Growth								*-2%*	*-1%*	*-6%*	*4%*		*-1%*	*0%*	*-9%*	*6%*				
Infrastructure Maintenance Revenue (MSs)	**14,340**	**14,797**	**14,736**	**14,144**	**14,396**	**14,388**	**14,444**	**3,557**	**3,516**	**3,647**	**3,649**	**14,370**	**3,524**	**3,475**	**3,597**	**3,596**	**14,192**	**13,934**	**13,604**	
YoY Growth	*0%*	*3%*	*0%*	*-4%*	*2%*	*0%*	*0%*	*0%*	*-1%*	*1%*	*-1%*	*-1%*	*-1%*	*-1%*	*1%*	*-1%*	*-1%*	*-1%*	*-2%*	
QoQ Growth								*-3%*	*-1%*	*4%*	*0%*		*-3%*	*-1%*	*3%*	*0%*				
Cloud License and On-Premise License (Apps + Infra, Mss beginning 1Q)	**5,128**	**5,398**	**5,878**	**5,779**	**5,691**	**5,291**	**4,736**	**749**	**911**	**1,116**	**1,825**	**4,600**	**727**	**884**	**1,082**	**1,770**	**4,462**	**4,328**	**4,198**	
YoY Growth	*-12%*	*5%*	*9%*	*-2%*	*-12%*	*-7%*	*-11%*	*-7%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	
CC Growth	*-11%*	*2%*	*12%*	*-4%*	*-12%*	*2%*	*-9%*	*-3%*	*-3%*	*-3%*	*-3%*		*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	*-3%*	
QoQ Growth								*-60%*	*22%*	*22%*	*64%*		*-60%*	*22%*	*22%*	*64%*				
Application License Revenue (MSs)	**671**	**737**	**793**	**1,065**	**870**	**956**	**630**	**132**	**166**	**42**	**190**	**530**	**119**	**161**	**62**	**184**	**515**	**453**	**391**	
YoY Growth	*-26%*	*9%*	*8%*	*34%*	*-18%*	*10%*	*-34%*	*-14%*	*17%*	*-75%*	*-3%*	*-15%*	*-17%*	*-3%*	*48%*	*-3%*	*-3%*	*-12%*	*-14%*	
QoQ Growth								*-32%*	*26%*	*-75%*	*357%*		*-42%*	*47%*	*-62%*	*198%*				
% Software Revenue																				
														1%	*-9%*	*1%*	*(5.9%)*			
Infrastructure License Revenue (MSs)	**4,487**	**4,671**	**5,085**	**4,714**	**4,211**	**4,248**	**4,106**	**617**	**745**	**1,074**	**1,634**	**4,070**	**617**	**722**	**1,020**	**1,585**	**3,945**	**3,875**	**3,807**	
YoY Growth	*-9%*	*5%*	*9%*	*-7%*	*-11%*	*1%*	*-3%*	*1%*	*-7%*	*6%*	*-3%*	*-1%*	*0%*	*-3%*	*-5%*	*-3%*	*-3%*	*-2%*	*-2%*	
CC Growth (MSs)	*-7%*	*2%*	*12%*	*-4%*	*-11%*	*1%*	*-3%*	*0%*	*-7%*	*6%*	*-3%*	*-1%*	*0%*	*-3%*	*-5%*	*-3%*	*-3%*	*-2%*	*-2%*	
QoQ Growth								*-63%*	*21%*	*44%*	*52%*		*-62%*	*17%*	*41%*	*55%*				
% Software Revenue																				
Hardware Revenue	**3,444**	**3,360**	**3,184**	**3,274**	**3,066**	**2,938**	**3,084**	**675**	**768**	**714**	**915**	**3,072**	**662**	**761**	**714**	**896**	**3,033**	**2,987**	**2,912**	
Y/Y Growth	*-7%*	*-2%*	*-5%*	*3%*	*-6%*	*-4%*	*5%*	*1%*	*-1%*	*0%*	*-1%*	*0%*	*-2%*	*-1%*	*0%*	*-2%*	*-1%*	*-2%*	*-3%*	
CC Growth	*-6%*	*-4%*	*-3%*	*6%*	*-6%*	*-5%*	*5%*	*0%*	*-1%*	*0%*	*-1%*	*0%*	*-2%*	*-1%*	*0%*	*-2%*	*-1%*	*-2%*	*-3%*	
QoQ Growth								*-27%*	*14%*	*-7%*	*28%*		*-28%*	*15%*	*-6%*	*26%*				
3-yr Avg Seasonality								*-23%*	*14%*	*-8%*	*26%*		*-23%*	*15%*	*-7%*	*28%*				
Services Revenue	**3,195**	**3,021**	**3,205**	**5,594**	**5,431**	**5,232**	**5,743**	**1,373**	**1,457**	**1,457**	**1,553**	**5,841**	**1,387**	**1,471**	**1,472**	**1,569**	**5,899**	**5,958**	**6,018**	
YoY Growth	*-4%*	*-3%*	*6%*	*75%*	*-3%*	*-4%*	*10%*	*2%*	*2%*	*1%*	*2%*	*2%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	
CC Growth	*-3%*	*-2%*	*6%*	*81%*	*-3%*	*-4%*	*10%*	*1%*	*2%*	*1%*	*2%*	*2%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	
QoQ Growth								*-10%*	*6%*	*0%*	*7%*		*-11%*	*6%*	*0%*	*7%*				
3-yr Avg Seasonality								*-6%*	*6%*	*-1%*	*6%*		*-7%*	*6%*	*0%*	*6%*				

Source: Company data, Morgan Stanley Research estimates

Exhibit 8: ORCL Balance Sheet

($ Millions, Except Per-Share Data)

						F2027E					F2028E							F2030E
	FY21	FY22	FY23	FY24	FY25	FY26	8/26E	11/26E	2/27E	5/27E	FY27E	8/27E	11/27E	2/28E	5/28E	FY28E	FY29E	FY30E
Assets																		
Cash	30,098	21,383	9,765	10,454	10,786	31,289	29,343	27,897	17,260	18,442	18,442	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Investments	16,456	519	422	207	417	605	605	605	605	605	605	605	605	605	605	605	605	605
Accounts Receivable	5,409	5,953	6,915	7,874	8,558	10,385	10,228	11,171	13,154	12,855	12,855	14,378	15,569	18,174	17,888	17,888	25,019	31,770
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Tax Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid and Other	3,604	3,778	3,902	4,019	4,818	4,288	5,439	6,080	4,707	7,052	7,052	7,410	8,406	6,542	9,756	9,756	10,047	10,398
Total Current Assets	55,567	31,633	21,004	22,554	24,579	46,766	45,615	45,753	35,726	39,154	39,154	32,993	34,580	35,320	38,249	38,249	45,681	52,848
PP&E	7,049	9,716	17,069	21,536	40,622	92,457	110,754	129,790	149,873	171,354	171,354	190,922	211,906	234,563	258,884	258,884	282,853	302,667
Operating Lease ROU Asset					13,145	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690
Finance Lease ROU Asset					2,900	7,500	12,849	20,601	33,203	56,737	56,737	63,844	74,816	94,562	130,991	130,991	150,915	144,849
Intangibles	46,365	45,251	9,837	6,890	4,587	3,229	3,044	2,859	2,663	2,465	2,465	2,290	2,118	1,943	1,772	1,772	1,198	810
Deferred Tax Assets/ Other	22,126	22,697	86,474	89,996	20,321	20,055	20,055	20,055	20,055	20,055	20,055	20,055	20,055	20,055	20,055	20,055	20,055	20,055
Total Assets	131,107	109,297	134,384	140,976	168,361	261,759	284,269	311,010	333,471	381,516	381,516	401,455	423,425	476,394	541,902	541,902	592,643	613,268
Liabilities																		
Accounts Payable	745	1,317	1,204	2,357	5,113	10,977	9,875	12,691	12,194	14,742	14,742	8,854	12,182	10,810	13,324	13,324	8,877	10,610
Current Portion of LT Debt	8,250	3,749	4,061	10,605	7,271	7,199	7,199	7,199	7,199	7,199	7,199	7,199	7,199	7,199	7,199	7,199	7,199	7,199
Accrued Comp/Benefits	2,017	1,944	2,053	1,916	2,243	2,225	1,767	1,904	1,082	1,872	1,872	1,769	1,925	1,107	1,429	1,429	1,472	1,523
Other Accrued Liabilities	4,377	4,144	6,802	7,353	8,629	11,447	6,952	5,895	3,728	8,874	8,874	6,151	5,146	2,991	8,294	8,294	11,628	13,897
Deferred Revenues	8,775	8,357	8,970	9,313	9,387	9,916	16,520	15,000	15,662	15,866	15,866	25,775	23,487	24,144	23,865	23,865	31,864	37,271
Total Current Liabilities	24,164	19,511	23,089	31,544	32,643	41,764	42,313	42,688	39,864	48,553	48,553	49,748	49,939	46,250	54,111	54,111	61,041	70,501
Long-term Debt	75,995	72,110	86,420	76,264	85,297	122,342	119,342	119,342	119,342	117,092	117,092	111,955	109,205	109,205	106,455	106,455	100,955	93,705
Revolver / Additional Debt *(MSe, plug)*							0	0	0	0	0	10,549	25,948	42,442	49,071	49,071	40,959	16,310
Deferred Tax Liability	0	0	0	3,692	10,269	11,771	11,771	11,771	11,771	11,771	11,771	11,771	11,771	11,771	11,771	11,771	11,771	11,771
Operating Lease Liability					13,450	30,190	30,190	30,190	30,190	30,190	30,190	30,190	30,190	30,190	30,190	30,190	30,190	30,190
Finance Lease Liability					2,934	7,701	13,144	21,063	33,941	57,948	57,948	65,688	77,377	97,985	135,554	135,554	160,430	159,882
Other Long-term Liabilities	24,998	23,444	23,318	20,237	2,799	4,935	11,966	17,384	21,820	29,783	29,783	25,532	24,642	22,996	25,195	25,195	20,612	16,262
Total Liabilities	125,155	115,065	132,827	131,737	147,392	218,702	228,726	242,438	256,929	295,337	295,337	305,432	327,072	360,839	412,347	412,347	425,958	398,630
Total Stockholders Equity	5,468	-6,251	1,014	9,156	20,448	42,512	55,009	68,038	76,009	85,615	85,615	95,533	109,814	117,012	129,018	129,018	166,201	214,002
Noncontrolling Interests	483	483	483	483	483	483	483	483	483	483	483	483	483	483	483	483	483	483
Total Liabilities and Stockholders' Equity	131,107	109,297	134,384	140,976	168,361	261,759	284,269	311,010	333,471	381,516	381,516	401,455	435,426	478,394	541,902	541,902	592,643	613,268

Source: Company data, Morgan Stanley Research estimates

Exhibit 9: ORCL Cash Flow Statement

($ Millions, Except Per-Share Data)

						F2027E					F2028E							F2030E
	FY21	FY22	FY23	FY24	FY25	FY26	8/26E	11/26E	2/27E	5/27E	FY27E	8/27E	11/27E	2/28E	5/28E	FY28E	FY29E	FY30E
Operating Activities:																		
Net Income	*13,746*	*6,717*	*8,503*	*10,467*	*12,443*	*17,087*	*4,204*	*4,714*	*5,371*	*6,443*	*20,732*	*5,754*	*6,202*	*6,762*	*7,933*	*26,651*	*35,448*	*44,646*
Adjustments to Operating Activities:																		
Depreciation	1,537	1,972	2,526	3,129	3,867	7,623	2,969	3,696	4,425	5,192	16,282	5,874	6,748	7,536	8,389	28,550	37,892	39,271
Finance Lease Amortization (Mse)							151	248	399	666	1,463	893	1,027	1,255	1,671	4,846	8,076	8,996
Stock Based compensation expense	1,837	2,613	3,547	3,974	4,674	4,811	1,192	1,249	1,501	1,328	5,269	1,544	1,594	1,913	1,627	6,678	8,358	9,959
Amortization of Intangibles	1,379	1,150	3,582	3,010	2,307	1,671	185	185	196	197	764	176	171	175	17	693	574	388
Gains (Losses) on Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	-2,464	-928	-1,506	-1,419	-970	-3,350	0	0	0	0	0	0	0	0	0	0	0	0
Change in deferred revenues from GPUaaS customer prepayments (cash received less revenue recognized)	-	-	-	-	-	4,592	5,625	5,625	5,625	5,625	22,500	(191)	(426)	(660)	(894)	(2,172)	(4,515)	(4,515)
Changes in operating assets and liabilities:																		
Accounts Receivable	333	-874	-151	-965	-653	-2,190	157	-943	-1,983	300	-2,470	-1,524	-1,191	-2,605	286	-5,033	-7,131	-6,750
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaids and Other Assets	622	11	317	542	266	2,179	-1,151	-640	1,372	-2,345	-2,764	-358	-995	1,864	-3,214	-2,703	-292	-349
Accounts Payable and Accrued Expenses	-29	-733	-281	-594	-608	-240	-6,055	1,895	-3,485	8,485	839	-8,714	2,478	-4,346	8,140	-2,441	-1,069	4,053
Deferred Revenue (Other)	405	7	781	656	154	50	6,413	-1,946	2	-691	3,778	8,971	-2,991	188	-513	5,656	7,999	5,407
Other Liabilites	-1,485	-398	-153	-127	-659	-256	1,597	219	-529	3,232	4,520	-3,123	240	-518	3,328	-72	-68	165
Cash Flow from Operations	**15,887**	**9,539**	**17,165**	**18,673**	**20,821**	**31,977**	**15,286**	**14,302**	**12,894**	**28,433**	**70,914**	**9,303**	**12,858**	**11,567**	**26,924**	**60,653**	**85,273**	**101,239**
YoY Growth	*21%*	*-40%*	*80%*	*9%*	*12%*	*54%*	*88%*	*592%*	*80%*	*94%*	*122%*	*-39%*	*-10%*	*-10%*	*-5%*	*-14%*	*41%*	*19%*
CFO Margin %	*39%*	*22%*	*34%*	*35%*	*36%*	*47%*					*79%*					*49%*	*60%*	
CFO Margin % - Ex Prepay	*39%*	*22%*	*34%*	*35%*	*36%*	*41%*					*54%*					*51%*	*63%*	
Cash Flows from Investing Activities																		
Purchase - Business, Net of Cash	-41	-148	-27,721	-63	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase - Investments	-37,982	-10,272	1,113	-1,003	-1,272	-2,039	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds - Sale & Maturity of Investments	27,060	26,151	-1,181	572	776	5,848	0	0	0	0	0	0	0	0	0	0	0	0
Purchase - Property and Equipment	-2,135	-4,511	-8,695	-6,886	-21,215	-55,663	-21,286	-22,732	-24,508	-26,673	-95,180	-25,442	-27,732	-30,195	-32,711	-116,080	-61,861	-59,085
Net Change in Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow from Investing Activities	**-13,098**	**11,220**	**-36,484**	**-7,380**	**-21,711**	**-51,854**	**-21,286**	**-22,732**	**-24,508**	**-26,673**	**-95,180**	**-25,442**	**-27,732**	**-30,195**	**-32,711**	**-116,080**	**-61,861**	**-59,085**
Cash Flow from Financing Activies																		
Payments - Repurchase of Common Stock	-20,934	-16,248	-1,300	-1,202	-600	-95	0	0	0	0	0	0	0	0	0	0	0	0
Dividend Paid on Common Stock	-3,063	-3,457	-3,668	-4,391	-4,743	-5,787	-1,534	-1,559	-1,575	-1,584	-6,253	-1,594	-1,604	-1,614	-1,701	-6,514	-6,676	-6,707
Finance Lease Principal						0	-57	-81	-122	-193	-453	-260	-311	-392	-531	-1,494	-3,124	-3,548
Proceeds - Issuance of Common Stock	1,786	482	1,192	742	653	1,449	8,625	8,625	2,674	3,450	23,374	4,140	4,140	4,140	4,140	16,560	0	0
Proceeds/(Payments) of Long Term Debt	12,303	-8,250	12,944	-3,500	3,707	39,151	-3,000	0	0	-2,250	-5,250	-5,137	-2,750	0	-2,750	-10,637	-5,500	-7,250
Revolver / Additional Debt Issuance / (Repayment)							0	0	0	0	0	10,549	15,399	16,494	6,629	49,071	-8,112	-24,649
Other	-470	-1,653	-1,258	-2,203	2,081	612	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow from Financing Activities	**-10,378**	**-29,126**	**7,910**	**-10,554**	**1,098**	**40,274**	**4,034**	**6,985**	**977**	**-578**	**11,417**	**7,698**	**14,874**	**18,623**	**5,787**	**46,906**	**-23,412**	**-42,154**
Exchange Rate Impact	448	-348	-209	-70	124	96	0	0	0	0	0	0	0	0	0	0	0	0
Change in Cash and Cash Equivalents	-7,141	-8,715	-11,618	689	332	20,503	-1,946	-1,446	-10,637	1,182	-12,848	-8,442	0	0	0	-8,442	0	0
Cash, Beginning of Period	22,321	22,682	8,219	9,481	17,406	38,455	31,289	29,343	27,897	17,260	17,260	18,442	10,000	10,000	10,000	10,000	10,000	10,000
Cash, End of Period	**30,098**	**21,383**	**9,765**	**10,454**	**10,786**	**31,289**	**29,343**	**27,897**	**17,260**	**18,442**	**18,442**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**
FCF	**13,752**	**5,028**	**8,470**	**11,867**	**-394**	**-23,686**	**-5,980**	**-8,430**	**-11,614**	**1,760**	**-24,264**	**-16,139**	**-14,874**	**-18,628**	**-5,787**	**-55,428**	**23,412**	**42,154**
FCF Margin	*34%*	*12%*	*17%*	*22%*	*-1%*	*-39%*	*-31%*	*-40%*	*-50%*	*7%*	*-27%*	*-60%*	*-51%*	*-58%*	*-16%*	*-45%*	*74%*	*21%*

Source: Company data, Morgan Stanley Research estimates

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of August 31, 2026)
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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

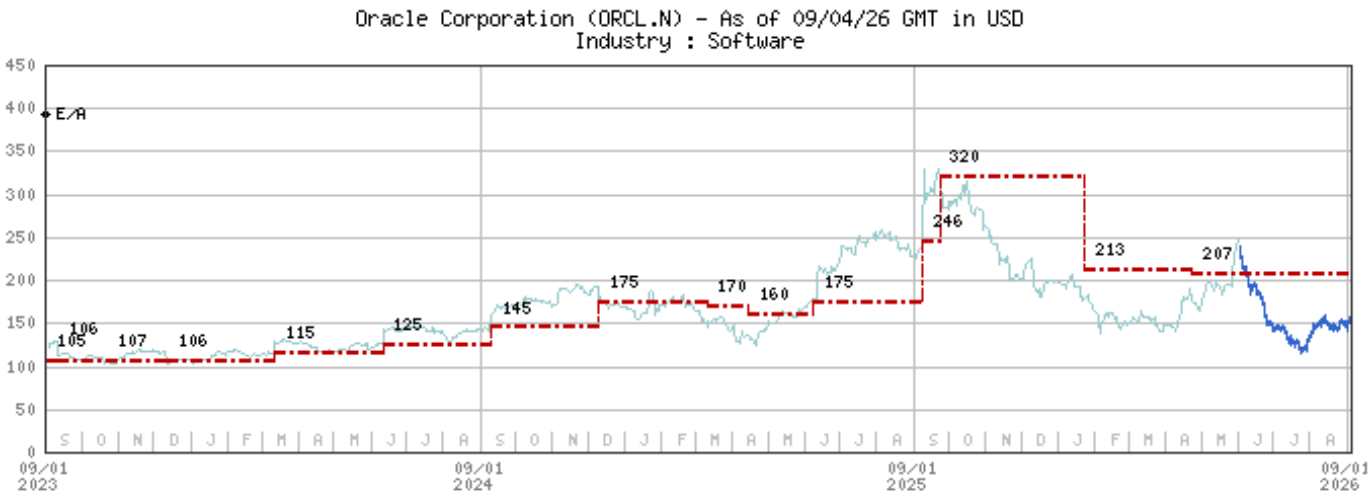
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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 9/1/21 : E/A

Price Target History: 6/16/21 : 77; 9/20/21 : 87; 6/6/22 : 88; 7/20/22 : 90; 6/13/23 : 105; 9/12/23 : 106; 10/23/23 : 107; 12/12/23 : 106; 3/12/24 : 115; 6/11/24 : 125; 9/10/24 : 145; 12/10/24 : 175; 3/11/25 : 170; 4/15/25 : 160; 6/9/25 : 175; 9/8/25 : 246; 9/23/25 : 320; 1/23/26 : 213; 4/23/26 : 207

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Software

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/03/2026)
Adam Wood		
Adobe Inc. (ADBE.O)	U (07/21/2026)	$285.75
Atlassian Corporation PLC (TEAM.O)	O (01/13/2020)	$194.68
Intuit (INTU.O)	E (07/21/2026)	$344.30
Microsoft (MSFT.O)	O (07/21/2026)	$510.12
Salesforce, Inc. (CRM.N)	E (07/21/2026)	$264.43
Samsara Inc (IOT.N)	E (03/23/2023)	$38.75
ServiceNow Inc (NOW.N)	O (09/24/2025)	$145.59
Shopify Inc (SHOP.O)	O (04/19/2024)	$145.88
Workday Inc (WDAY.O)	U (07/21/2026)	$206.92
Chris Quintero		
BILL Holdings Inc (BILL.N)	E (06/10/2025)	$50.86
Blackline Inc (BL.O)	E (07/21/2026)	$33.23
Box Inc (BOX.N)	E (05/21/2024)	$35.96
CCC Intelligent Solutions Holdings Inc (CCC.O)	O (11/13/2024)	$7.22
Descartes Systems Group Inc (DSGX.O)	O (01/15/2026)	$80.75
DocuSign Inc (DOCU.O)	E (01/16/2024)	$65.97
Manhattan Associates Inc. (MANH.O)	E (10/21/2025)	$222.35
Navan Inc (NAVN.O)	O (11/24/2025)	$27.71
ServiceTitan Inc (TTAN.O)	O (01/20/2026)	$93.10
SPS Commerce Inc (SPSC.O)	U (07/21/2026)	$84.21
Vertex Inc. (VERX.O)	E (07/21/2026)	$13.78
Via Transportation Inc (VIA.N)	O (01/20/2026)	$27.58
Elizabeth Porter, CFA		
Amplitude Inc. (AMPL.O)	O (01/15/2026)	$13.55
Asana Inc (ASAN.N)	U (05/20/2025)	$10.09
Autodesk (ADSK.O)	O (08/23/2024)	$237.52
Figma Inc (FIG.N)	E (08/25/2025)	$25.22
Five9 Inc (FIVN.O)	E (10/10/2022)	$34.10

Freshworks Inc (FRSH.O)	E (10/18/2021)	$13.36
GoDaddy Inc (GDDY.N)	E (07/19/2021)	$103.63
HubSpot, Inc. (HUBS.N)	O (03/21/2023)	$255.12
Klaviyo, Inc (KVYO.N)	O (04/29/2026)	$19.76
Liveramp Holdings Inc (RAMP.N)	E (01/13/2025)	$37.76
monday.com Ltd (MNDY.O)	O (08/12/2025)	$97.33
NICE Ltd. (NICE.O)	E (07/21/2026)	$108.31
RingCentral Inc (RNG.N)	E (08/08/2023)	$76.36
Sprinklr Inc (CXM.N)	E (07/19/2021)	$6.24
Sprout Social Inc (SPT.O)	E (11/17/2020)	$11.37
Toast, Inc. (TOST.N)	O (12/16/2021)	$33.93
Twilio Inc (TWLO.N)	O (02/24/2025)	$240.48
Wix.Com Ltd (WIX.O)	E (07/21/2026)	$81.20
Zeta Global Holdings Corp (ZETA.N)	E (08/01/2024)	$32.68
Zoom Communications (ZM.O)	E (10/11/2022)	$98.14
ZoomInfo Technologies Inc (GTM.O)	E (02/01/2024)	$4.12
Meryl R Thomas, CFA		
Lightspeed Commerce Inc. (LSPD.N)	E (02/18/2021)	$10.57
Meta A Marshall		
Check Point Software Technologies Ltd. (CHKP.O)	E (10/16/2023)	$137.41
CrowdStrike Holdings Inc (CRWD.O)	O (03/10/2026)	$214.97
Fortinet Inc. (FTNT.O)	E (07/21/2026)	$156.36
Gen Digital Inc. (GEN.O)	E (06/07/2024)	$31.33
Netskope, Inc. (NTSK.O)	O (10/13/2025)	$14.34
Okta, Inc. (OKTA.O)	O (12/02/2024)	$170.42
Palo Alto Networks Inc (PANW.O)	O (10/10/2017)	$331.94
Qualys Inc (QLYS.O)	U (02/09/2021)	$174.35
Rapid7 Inc (RPD.O)	U (07/21/2026)	$11.47
SailPoint Inc (SAIL.O)	O (09/02/2025)	$19.39
SentinelOne, Inc. (S.N)	E (12/02/2024)	$19.80
Tenable Holdings Inc (TENB.O)	E (12/02/2024)	$34.49
Varonis Systems, Inc. (VRNS.O)	E (01/26/2026)	$46.51
Zscaler Inc (ZS.O)	E (04/22/2026)	$177.80
Ryan Lountzis		
CoreWeave (CRWV.O)	E (04/22/2025)	$84.56
Nebius Group NV (NBIS.O)	E (01/15/2026)	$210.63
Sanjit K Singh		
Akamai Technologies, Inc. (AKAM.O)	O (01/12/2026)	$106.50
Appian Corp (APPN.O)	E (04/30/2026)	$40.82
C3.ai (AI.N)	U (01/04/2021)	$10.90
Cloudflare Inc (NET.N)	O (12/02/2024)	$284.51
Datadog, Inc. (DDOG.O)	O (01/12/2026)	$214.76
DigitalOcean Holdings Inc (DOCN.N)	O (01/16/2025)	$109.40
Dynatrace Inc (DT.N)	O (08/25/2026)	$52.76
Elastic NV (ESTC.N)	E (07/21/2026)	$96.13
GitLab Inc (GTLB.O)	E (01/12/2026)	$49.31
JFrog Ltd. (FROG.O)	E (07/21/2026)	$90.61
MongoDB Inc (MDB.O)	O (04/12/2023)	$384.45
Oracle Corporation (ORCL.N)	E (01/15/2019)	$154.04
PagerDuty, Inc. (PD.N)	U (07/21/2026)	$14.10
Palantir Technologies Inc. (PLTR.O)	E (02/04/2025)	$182.53
Snowflake Inc. (SNOW.N)	O (06/24/2025)	$356.47
UiPath Inc (PATH.N)	E (09/07/2022)	$18.22

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